

Message Text

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UNCLAS STATE 180823 TOSEC 080041

FOR CARTER FROM PA

E.O. 11652: N/A

TAGS: SOPN, OVIP (VANCE)

SUBJECT: PRESS MATERIAL

1. HERewith FULL TEXT LEAD EDITORIAL WASHINGTON POST
TUESDAY AUGUST 2 HEADED "THE MARITIME LOBBY'S TRIUMPH."

2. THE MARITIME LOBBY, WITH ITS MONEY BAGS, HAS
SCORED A GREAT POLITICAL TRIUMPH. THE COSTS WILL BE
BORNE OVER COMING YEARS BY EVERYONE WHO BUYS OIL
PRODUCTS. IT'S ANOTHER DEFEAT FOR THE ENLIGHTENED
TRADE POLICY THAT PRESIDENT CARTER KEEPS PROCLAIMING
BUT NEVER QUITE MANAGES TO PUT INTO PRACTICE.

3. THE MARITIME INTERESTS -- SHIP BUILDERS, SHIP
OPERATORS AND UNIONS TOGETHER -- ALREADY ENJOY MORE
DIFFERENT KINDS OF SUBSIDY THAN ANY OTHER AMERICAN
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INDUSTRY. DESPITE THIS TORRENT OF AID, THEY HAVE
WORKED THEIR FREIGHT RATES UP SO HIGH THAT NOBODY USES
AMERICAN FLAG SHIPPING UNLESS THE LAW REQUIRES IT. THE
MARITIME LOBBY HAS NOW OBTAINED PRESIDENT CARTER'S MIS-
GUIDED SUPPORT FOR ITS PERENNIAL BILL TO FORCE PART OF
THIS COUNTRY'S OIL IMPORTS INTO THOSE AMERICAN-FLAG
TANKERS. THE PROPORTION OF IMPORTS AFFECTED WILL BE

SMALL AT FIRST, BUT IT WILL RISE STEADILY.

4. IT'S CALLED A CARGO PREFERENCE BILL, AND IT IS 200-PROOF PROTECTIONISM. IT WOULD VIOLATE AMERICAN TREATIES WITH OTHER NATIONS. IT WOULD BE INFLATIONARY. IT WOULD ADD STILL ANOTHER LAYER OF SUBSIDY, THIS TIME PAID DIRECTLY BY CONSUMERS IN THE FORM OF HIGHER OIL PRICES. AS NATIONAL POLICY, IT'S GOT ABSOLUTELY NOTHING GOING FOR IT BUT THE LOBBYING MUSCLE AND THE EXTENSIVE CAMPAIGN CONTRIBUTIONS OF THE PEOPLE WHO WANTED IT. BUT THAT TURNED OUT TO BE ENOUGH TO GET THE PRESIDENT'S SUPPORT.

5. MR. CARTER'S WHOLE TRADE POLICY IS RAPIDLY DETERIORATING. HE KEEPS TALKING IN TERMS OF THE MOST HIGH-MINDED COMMITMENTS TO OPEN TRADE AND INTERNATIONAL COMPETITION BUT, UNFORTUNATELY, THE ACTUAL RECORD POINTS THE OTHER WAY. THERE HAVE BEEN THREE MAJOR CASES SO FAR, AND THREE TIMES THE ADMINISTRATION HAS CAVED IN TO THE PROTECTIONISTS.

6. IN THE CASE OF THE COLOR TELEVISION SETS FROM JAPAN, MR. CARTER RESORTED TO AN ORDERLY MARKETING AGREEMENT. THAT TERM IS A EUPHEMISM FOR AN AGREEMENT BY THE EXPORTING COUNTRY TO LIMIT SHIPMENTS. IN THE SHOE CASE, THE ADMINISTRATION IMPOSED ANOTHER COUPLE OF ORDERLY MARKETING

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MARKETING AGREEMENTS ON KOREA AND TAIWAN. THEY WILL SAVE SOME JOBS IN AMERICAN SHOE FACTORIES; THEY WILL ALSO COST SOME JOBS IN AMERICAN RETAIL STORES AS WELL AS INCREASE PRICES TO AMERICAN CONSUMERS. BUT AT LEAST AN ORDERLY MARKETING AGREEMENT IS LIMITED IN DURATION AND IS A LEGAL PROCEDURE UNDER THE GENERAL TRADE RULES THAT THIS COUNTRY HAS BOUND ITSELF TO. THE CARGO PREFERENCE BILL IS NEITHER.

7. IT'S A STRANGE PERFORMANCE FOR AN ADMINISTRATION THAT FORESAW TRADE TROUBLES AND STAFFED ITSELF WITH PEOPLE TO MEET THEM CONSTRUCTIVELY. THOSE PEOPLE, LED BY TREASURY SECRETARY MICHAEL BLUMENTHAL AND UNDER SECRETARY OF STATE RICHARD COOPER, HAVE BEEN WALLOPED IN EACH SUCCESSIVE TEST. THE PRESIDENT HAS BEEN MAINLY FOLLOWING THE ADVICE OF ROBERT S. STRAUSS, CURRENTLY HIS SPECIAL TRADE REPRESENTATIVE AND FORMERLY CHAIRMAN OF THE DEMOCRATIC PARTY. LIKE MOST PARTY MANAGERS, MR. STRAUSS THINKS IN TERMS OF CONSTITUENCIES AND GRIEVANCES: A FACTORY HERE, A UNION THERE. HE APPARENTLY DOES NOT WORK IN TERMS OF BROADER CONCERNS, LIKE CONSUMER INTERESTS IN GENERAL, OR AMERICAN PRO-

DUCTIVITY, OR THE FUTURE OF THE HIGHLY COMPETITIVE
AMERICAN INDUSTRIES WHOSE OVERSEAS MARKETS ARE NOW
THREATENED BY FOREIGN RETALIATION.

8. IF MR. CARTER WILL NOT RESIST PROTECTIONIST PRES-
SURE, HE CANNOT EXPECT THE FRAGILE GOVERNMENTS OF
WESTERN EUROPE TO DO BETTER. HE MAY GET HEAT FROM
AGGRIEVED UNIONS -- BUT UNLIKE, FOR EXAMPLE, THE
PRESIDENT OF FRANCE, HE DOES NOT FACE AN ELECTION NEXT
YEAR THAT MIGHT BRING THE COMMUNISTS TO POWER. IN MAY,
AT THE LONDON SUMMIT CONFERENCE, MR. CARTER JOINED IN A
PLEDGE TO SUPPORT FIRMLY THE PRINCIPLE OF OPEN TRADE
AND A GROWING WORLD ECONOMY. THE PEOPLE WHO HEARD HIM
MUST WONDER WHAT HE HAD IN MIND WHEN THEY NOW READ THE
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CARGO PREFERENCE BILL THAT HE HAS PROMISED TO SUPPORT.
END TEXT. CHRISTOPHER

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